

REGULAR CITY COUNCIL MEETING
September 27, 2016

The Regular City Council Meeting was called to order by Mayor Bronson in the Council Chambers at City Hall at 7:00 p.m.

Roll Call:

Present: Kwiatkowski, Lavender, Bronson, Temple and Riddle

Absent: King and Couture

Councilman Lavender moved to excuse Councilman King and Mayor Pro Tem Couture; supported by Councilwoman Kwiatkowski. Motion carried unanimously.

Councilwoman Kwiatkowski led the Pledge of Allegiance to the Flag.

Approval of Agenda, and Receive and File all Communications:

Councilwoman Lavender moved to approve the Agenda and receive and file all communications; supported by Councilman Temple. Motion carried unanimously.

Communications and Petitions:

■ **Update from Cheboygan Area Arts Council on Opera House – Vicky Pryzynski, Executive**

Director - Ms. Vicky Pryzynski stated she last addressed the Council in May 2016. Over the last four months the Opera House has hosted 13 events serving over 5,000 patrons of which 2,380 were students. Five of the events were rentals of the Opera House with an income of over \$3,000.00. She went on to state the 2016 Concert Series has started, reviewing the schedule. The first Cheboygan Area Arts Council Fundraising Raffle was held with \$12,000.00 given away in prizes, netting a profit of \$27,800.00 in management money for the Opera House. The Opera House was given a sound equipment upgrade; a total of \$14,745.00 was raised with generous donations from Cheboygan Rotary Club, Citizens National Bank, Rick & Michelle Tromble of Tromble Bay Farms, Rivertown Follies, and the Joyce Leslie Memorials. The purchase was based on the recommendation of their sound technician who researched the best product for the best value. The equipment was purchased from Sweetwater Pro Audio of Fort Wayne, Indiana. Ms. Pryzynski noted that the tech crew worked many late evenings installing the new equipment and it was used for the first time last Saturday evening. She added she is proud of her crew, noting the dedication they have in the Opera House doing things in an efficient and timely manner.

Ms. Pryzynski informed Council the Cheboygan Area Arts Council has a Management Agreement with the City of Cheboygan where the Arts Council is responsible for cleaning, maintenance and small repairs to the Opera House. The City provides a subsidy to help cover the maintenance and labor expenses. The Cheboygan Area Arts Council Board recognizes and is very appreciative of this subsidy. She went on to state the Agreement is set to expire on November 16, 2016 and her management committee has reviewed the Agreement. Concern was voiced that the City subsidy was not addressed in the Agreement. She is requesting new language placing the City subsidy in the new Agreement. Ms. Pryzynski provided copies of the current Agreement and a proposed new Agreement with language insert. She then asked Council to let her know after review of the proposed new Agreement so that she may advise her management committee.

Mayor Bronson asked if the new sound systems allows multiple mics. Ms. Pryzynski replied there are 6 new mics and 8 new headsets for wireless communications. Councilwoman Riddle asked if there

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are any major expenses coming up. Ms. Pryzynski stated she has been in contact with All Phase Electric as they provide all the beautiful lightbulbs that are in the arches, which are now discontinued. The cost was \$6.00 a bulb and she has an inventory of 24. Discussion will be held later as to what type of lightbulb they will need to replace with. She is just now beginning her research. They will also be addressing the change in the auditorium lights.

Department, Board and Commission Reports:

▪ **Brownfield Redevelopment Authority Board** – City Manager Eustice stated a meeting was held for approval to disburse the captured funding for the Cheboygan Village Marina. Also Board Member Linda Konicki resigned and the same was accepted with regret. Councilwoman Riddle asked if there are now two openings on that Board. City Manager Eustice replied we had a five-member Board, which is now a four-member Board due to Ms. Konicki's resignation, noting we can have as many as seven members. He would like to go to a seven-member Board. Mayor Bronson inquired as to the research into the monies left for disbursement to Cheboygan Village Marina. City Manager Eustice stated this is being worked on through the County Treasurer's office, but it appears the reimbursement to Cheboygan Village Marina will be extended by one year. Mayor Bronson then inquired as to reimbursement for the Straits Area Federal Credit Union. City Manager Eustice replied this will start next year, noting a 10-year refund and significant reimbursement costs.

General Business:

▪ **Consideration to Appoint Scott E. McNeil and Robert Andrews to Brownfield Redevelopment Authority Board of Directors, Terms to Expire April 13, 2018** – Mayor Bronson asked if Mr. Andrews is familiar with brownfield. City Manager Eustice replied somewhat, noting he is a local business owner and has a real interest in helping the City with brownfield.

Councilman Lavender moved to appoint Scott E. McNeil and Robert Andrews to the Brownfield Redevelopment Authority Board of Directors, terms to expire April 13, 2018; supported by Councilwoman Kwiatkowski. Motion carried unanimously.

Public Comments:

▪ **Kiwanis Park Project** – Ms. Mindy Jewell of the Cheboygan Kiwanis Club stated they are currently in a Crowdfunding Program with MSHDA/MEDC. Their goal is \$50,000.00. If this is raised, MSHDA/MEDC will match it. They have until November 9, 2016 to raise the money and they feel they are on schedule. Ms. Jewell stated they will be removing the three little pig bouncers and the clown and have them repainted over the winter. They will also be cleaning the brush, etc. before winter. She went on to state the goal is to have the new playground equipment in, etc. next spring. Mayor Bronson inquired as to the Crowdfunding Program. Ms. Jewell stated this is a program through the State called Patronicity. She referred Council to kiwanisclubprojects.org or Facebook to make donations, noting they also take offline donations. City Manager Eustice commented through Crowdfunding \$50,000.00 is the maximum you can receive. The plan for Kiwanis Park is very impressive and will be a significant improvement. Ms. Jewell stated on the sites there are pictures of what Kiwanis Park will look like with the renovations, as well as a publicity video.

City Clerk/Treasurer's Comments:

▪ **City Audit** – Clerk/Treasurer Kwiatkowski informed Council he has been busy the last couple of weeks getting ready for the annual City audit, which will take place the second week of October with auditors in-house. He has been busy doing year-end adjustments, interfund transfers and firming up the budget so everything matches the actual experience for the year.

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- **November 8, 2016 General Election** – Clerk/Treasurer Kwiatkowski reminded Council of the upcoming General Election stating they are already busy with absentee ballots.

City Manager's Report:

- **ICE Grant** – City Manager Eustice informed Council on Friday, September 30, 2016, a check presentation will be held for the Infrastructure Capacity Enhancement Grant that we applied for and were approved for \$987,000.00 to make improvements to the water system on Huron Street, including stormwater, new road, curb, etc. They are not sure how far they will be able to go down Huron Street at this point, but will use all the monies. He noted they will begin at Lake Street near the Waste Treatment Facility and they are certain to at least get to Backus Street, with the possibility of getting to Division Street. Councilwoman Riddle inquired as to the time of the check presentation. City Manager Eustice replied 11:00 a.m. and all of Council has been invited.
- **State Street Re-Pave** - City Manager Eustice stated the State Street repaving project will go from the trail to Main Street. They are going to do this through a bond and because of the engineering type services that need to be done they will not be able to do this project until next spring. Clerk/Treasurer Kwiatkowski will be working on the bond through the winter. We will work in the same intersection as the Huron Street project, being Huron Street, and will tie the two projects together. The Huron Street Project has to be done by the end of 2017. Mayor Bronson asked if we will be doing engineering over the winter for the ICE Grant, also. City Manager Eustice replied yes, noting Requests for Qualifications for the projects will have to be sent out to select an engineer, even though pre-engineering has been done. Councilwoman Riddle commented on the City trying to leave Huron Street open to one-way traffic. City Manager Eustice replied they will try. Councilman Temple stated he is a little perturbed on the State Street project because last year he had complaints and when he talked to the City Manager he was told it would be done last year; this year the same thing. He now has to go back to the people and tell them the same thing, noting his job is to find out for these people. He then asked if next year he will have to tell them the same thing, noting we really need to find out from someone that it is going to happen. City Manager Eustice commented we have so many projects that we need money for and we don't have money to do these types of projects. Councilman Temple then stated when he comes to the City Manager or whoever, he needs to be told it might be done as he was told it would be done this fall. He also stated we really need to make certain we know what we are talking about. City Manager Eustice stated we will certainly try and do a better job of that but there was a plan to do it this fall but when the engineering study was done they found so many issues with the road base that City Engineer Granger and Jim Pemberton, Engineer with Reith-Riley did not think they could get the engineering done to do the project this fall.
- **Smith Creek Project** - City Manager Eustice stated he and DPW Director Karmol have been looking at the Little Black River Watershed and Smith Creek, which really has filled in the last few years. This is a big project and does not think we will get any help with funding from the County, after speaking with Drain Commissioner Cavitt. There is a lot of vegetation and trees in it and the concrete walls are starting to crumble and fall in. We are going to try and look for Federal funding and we may have to clean some of it out before we go in and repair some of the walls. It does not appear to be impeding much of the drainage yet, but eventually will. Mayor Bronson asked if part of it is concrete or brick lined. City Manager Eustice replied it is concrete. Mayor Bronson then asked if the concrete has to be replaced or are there other options. City Manager Eustice stated City Engineer Granger is going to look at potential changes to it. They are not certain about it where it runs underneath Mackinaw Avenue, but it does not appear to be an issue at this point; however, First Street is certainly an issue. Mayor Bronson said it would be nice to have it looking nice when Kiwanis Park is renovated, noting he has looked at Google maps on this area, asking if the Creek starts in the property behind Kiwanis Park. City Manager Eustice replied the cement part begins there; however

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the drainage goes all the way back of the High School into Lake Huron. Councilman Temple commented that the Creek looks like a forest. Mayor Bronson asked if we are not allowed to clean the system by the High School. City Manager Eustice replied we can clean it. Clerk/Treasurer Kwiatkowski commented it also runs through the Cemetery. City Manager Eustice stated as far as the maintenance and cleaning of the Little Black River Watershed, the City of Cheboygan is responsible, commenting on easements for the same. Mayor Bronson asked if we are looking at the entire Watershed or only the Smith Creek portion. City Manager Eustice replied mainly from Kiwanis Park north to Lake Huron, which is the most critical area we need to get cleaned out. Mayor Bronson asked if City Engineer Granger will do cost estimates and, if so, maybe he also should look at the rest of the system. Councilwoman Riddle commented on the need for a timetable before the entire system gets into a condition; it would be nice to get ahead of it before it gets extremely expensive. Mayor Bronson commented on the condition of Sangster Ditch before that was cleaned out. City Manager Eustice noted the County cleaned out the ditches on Butler Road, which has made a difference. Mayor Bronson stated we still need to clean out at the end of Butler Road near Sangster Ditch. City Manager Eustice noted additional work that needs to be done on the east side, as well, noting the elevation from Cheboygan Cement to Lake Huron is all flat, so it is difficult to make sure the water flows.

▪ **Inverness Township & Meijer Project** - City Manager Eustice reported the City is still working with Inverness Township on the Meijer's Project. Last week there was a US 27 DDA meeting and thinks they got some things worked out to get a line out there. Inverness is still trying to examine the funding source and how they are going to fund. Meijer's has agreed to pay one-third of the project with Inverness Township and the US 27 DDA paying the remainder or two-thirds. Meijer's has also made the offer to pay for the entire project, funding it upfront, and then getting two-thirds of it back. City Manager Eustice stated he feels this is the best option. He went on to state the City is working on the Utility Service Agreement so that we will service their line and the Township will pay us to do this. Councilwoman Kwiatkowski asked if Meijer's is coming earlier. City Manager Eustice replied Meijer's is telling them they are going to break ground in the spring 2019. If the water line is there, they would have the option of breaking ground earlier. Mayor Bronson expressed the importance of having the City's end of this ready when the line is built.

Mayor Bronson then inquired as to DPW Director Karmol's progress on grant monies for a second water tower. City Manager Eustice replied there is a Utility Committee meeting next Thursday and they will talk about funding. It appears at this point it will be all a loan. We are prepared to put in an application and there is a 90-day process to get a USDA 40-year loan. They will also tie some other infrastructure improvements into this loan, dependent on how much we can borrow. Clerk/Treasurer Kwiatkowski noted this would be a revenue bond tied into the water system, which means inevitably the rates are going to go up to support the debt.

▪ **Port of Cheboygan Project** – City Manager Eustice noted an Attorney's Opinion has been received from Attorney Joppich. At the last Council meeting Council asked for Attorney Joppich's opinion on the sale of the property based on being less than the appraised price and Attorney Joppich has provided that. He noted that many of Council probably have not reviewed it yet, but they may discuss it, noting it is of a confidential nature, or they may ask him questions. City Manager Eustice went on to state basically at this point we have an offer into Kokosing to purchase 767 feet at \$428,000.00 - \$558.00 per front foot. He is relatively certain they will accept that offer. Should that happen, then Ryba Marine will buy 362 feet at \$144,800.00, which is the same front foot price as Kokosing would pay; therefore, not showing any favoritism between the two entities. These sales would net us an additional \$572,800.00 over what Ryba has already paid of \$225,000.00. Then all of the riverfront property would be sold to those two entities at just over \$797,000.00, which is a higher value than what we paid for it. Attorney Joppich's states he is okay with that and can defend that as a public purpose and

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economic development project and selling property for more than what we paid for it. Councilwoman Riddle asked if this is with a Maritime Agreement. City Manager Eustice replied yes, noting he has in writing from Mr. Joe VanAntwerp of Kokosing/Durocher Marine that they will be the Port operators. Ryba has also agreed verbally with some contingencies. On Kokosing's property the City will have a right of first refusal on it, and Ryba's may also. There is a contingency in the Deed to Ryba on the first 300 feet that they can only use that property for port related activities. They will agree to do the same thing with the next 362 feet, with a right of first refusal. Should they disband the City would have the right to purchase this property back at market value. We may not have the financial capability, i.e. a manufacturer that is using the Port for water transportation. Mayor Bronson asked what the timetable is, as it seems like we are getting close. He then asked is it possible to have this ready for the next Council meeting. City Manager Eustice replied even before, as it is possible it could be ready by the end of this week. We could then have a Special Council Meeting and we need to have all seven Council Members in attendance at the meeting with a majority vote to approve the sale of the property. Councilman Temple questioned the property being purchased for a total of \$797,000.00 and the City paying \$850,000.00 for it. City Manager Eustice replied we paid \$850,000.00 for both pieces, noting there is an appraisal on the piece on the east side at \$160,000.00, but in the sale transaction under the land contract, the value of the property on the east side was put on at \$99,600.00, so Attorney Joppich is basically saying we paid just under \$750,000.00 for the river front property. He went on to state he has been working with the Little Traverse Conservancy and spoke with Karen Fleming yesterday; they are working on funding and have \$100,000.00 to buy 50 acres on the east side and they are working on a donation to bring that higher. We are going to get a minimum of \$100,000.00, but are hoping to get \$130,000.00. The City will keep the 13 acres that are uplands, so we will have to split that off. Councilman Temple asked if we sell for \$100,000.00 will it pay off the land contract and the attorney fees. City Manager Eustice stated it is going to come up short, but not as significant as he thought. We are still going to have probably in the neighborhood of a \$50,000.00 shortfall overall compared to what we paid and the expenses we put into the project. Long term we will get it back in property taxes because these two entities will be on the tax roll. They need to look at the possibility of the DDA getting the money the City spent out of the General Fund for the property. Councilwoman Riddle stated since there would be a shortfall, is there any way that those taxes can be earmarked to go towards the shortfall. Mayor Bronson commented no, but we can always change the boundaries of the DDA. Councilman Temple commented a \$50,000.00 shortfall is a cheap price if we can get jobs in town. City Manager Eustice agreed, stating that was our goal – to develop the Port and get manufacturers here that need water transportation. Councilwoman Riddle asked if it is possible to separate the Port from the DDA. Mayor Bronson noted this is for another conversation, as there is a lot to do to change the property boundaries of the DDA. City Manager Eustice informed Council the Port property currently is not on the tax roll, but once it goes back on the tax roll the General Fund can easily recover some of those monies, but any improvements will go to the DDA. At least some monies when the properties get back on the tax roll will go back to the General Fund. Mayor Bronson stated it would be nice to move onto the next step of this project. Councilman Temple was in agreement.

City Manager Eustice commented the Community Foundation is working on freeing up monies for marketing and the City may need to do the same to see how we are going to market it and utilize the Port Commission, which they discussed at the Port Commission. Councilwoman Kwiatkowski asked if the Port Commission has still been working on it. City Manager Eustice replied yes, noting it might be best to have a dedicated individual or company market the Port and get a manufacturer here. This will have to be discussed going forward, as there is certainly cost involved with that.

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Mayor Bronson stated, if possible, Council would like to have a Special Council meeting. City Manager Eustice replied absolutely, as soon as the decision comes in from Kokosing.

Messages and Communications from Mayor Pro Tem and Council Members:

- **Waste Treatment Plan & Recent Rain** – Councilwoman Riddle asked how the Waste Treatment Plant is handling stormwater going into the system with the amount of rain received lately. City Manager Eustice stated there has not been an issue so far, but they watch that closely.
- **Crosswalk Repainting** - Mayor Bronson inquired on the State repainting the crosswalks that was supposed to occur this year. City Manager Eustice replied the State backed it up and will be doing them in the spring 2017. Clerk/Treasurer Kwiatkowski stated the City can do some of the painting, noting he does a quarterly report and invoices MDOT for work we do on the trunkline. He will give Mr. Rob Hall, an MDOT Engineer that works with the City, a call and ask if we can paint and get reimbursed through the quarterly report. City Manager Eustice stated the parking stripes were painted before the 4th of July, and MDOT told us they were going to paint the crosswalks. Mayor Bronson then asked about additional work needed on Lincoln and Main. City Manager Eustice stated, in addition to the work already done and due to the State Street Bridge Project, and traffic being re-routed through that intersection, that intersection will be repaired at the end of the Bridge project. This is one of the reasons they did not do the entire intersection. Mayor Bronson asked for the start date of the State Street Bridge project. City Manager Eustice replied January 3. MDOT is going to try and install hydraulic patches at the Lincoln Avenue Bridge before a winter.

Cheboygan Communities Foundation/Port Project - Mr. Dick Sanford asked to address the Council, stating he is the President of the Cheboygan Communities Foundation, which has been playing an important capital involvement to the Port project, funding the original \$25,000.00 to develop the strategic plan that created it. It has now allocated an additional \$15,000.00, in an account for the Port project. They will be funding the marketing downstate to attract industry and entrepreneurs to settle new businesses and new factories and new good paying jobs in the community. To do that you need marketing materials and the Foundation is going to fund that. They are anxious to release that grant and are looking very favorable on the comment about moving forward on this project. It would be a tragedy to let this opportunity slip away as there are too many opportunities to provide jobs for our citizens and extended education for our young people and to keep the future leaders of the community from having to leave town because they can't fund a decent job. He thanked Council for their positive comments, stating hopefully next Friday he can be told to release the grant. The Council thanked Mr. Sanford.

Adjournment:

Councilman Lavender moved to adjourn the meeting at 7:55 p.m.; supported by Councilwoman Kwiatkowski. Motion carried unanimously.

Mayor Mark C. Bronson

Clerk/Treasurer Kenneth J. Kwiatkowski

Councilman Joseph Lavender

Councilwoman Winifred L. Riddle

Councilman Vaughn Temple

Councilman Nathan H. King

Mayor Pro Tem Nicholas C. Couture

Councilwoman Betty A. Kwiatkowski